1/27/78

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Griffin Bell to Pres. Carter, 7 pp.		
	re: electronic surveillance	1/26/78	A
Мето	V.P. Mondale to Pres. Carter, 11 pp. re: Visits to Canada & Mexico	1/26/78	A
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Carter Presidential Papers-Staff Offices, Office of the Staff Sec.-Pres. Handwriting File 1/27/78 BOX 70

RESTRICTION CODES

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Revised: 1/26/78 5:30 p.m.

THE PRESIDENT'S SCHEDULE

Friday - January 27, 1978

7:30 Breakfast with Secretary Cyrus Vance,
(90 min.) Dr. Zbigniew Brzezinski, and Mr. Hamilton
Jordan - The Roosevelt Room.

9:00 Dr. Zbigniew Brzezinski - The Oval Office.

9:30 Mr. Frank Moore - The Oval Office.

9:45 Congressman Ray Roberts. (Mr. Frank Moore). (15 min.) The Oval Office.

10:15 Mr. Douglas Fraser, President, United Auto Workers. (10 min.) (Mr. Landon Butler) - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

1:00 Meeting with Editors. (Mr. Jody Powell). (30 min.) The Cabinet Room.

THE WHITE HOUSE WASHINGTON

January 27, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

PENSION REFORM
VETERANS' PREFERENCE
BUDGET SHORTFALLS IN HEALTH CARE
CREATION OF DEPT. OF EDUCATION
COSTS FOR CONGRESSIONAL INITIATIVES
IN FY 79

cc: Stu Eizenstat





' THE WHITE HOUSE WASHINGTON

FOR STAFFING

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	Ш	JORDAN		EXECUTIVE ORDER			
Ļ		LIPSHUTZ		Comments due to			
X		MOORE		Carp/Huron within			
		POWELL		48 hours; due to			
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PENSION REFORM

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During the past several years, and specifically during the last two years, more and more Members of the House have come out in support of legislation that would grant a general pension to veterans of World War I. The most popular bill pending currently is H.R. 9000 sponsored by Glenn Anderson of California and cosponsored by more than 200 Members, which would provide \$150 per month to every World War I veteran, his widow or his child whose income is \$15,000 per year or less. According to the VA, the first full year cost of this bill would be \$1.7 billion, with a 5-year cost exceeding \$10 billion.

We have reached the point where the House must enact a pension reform measure. Mr. Montgomery of Mississippi has introduced H.R. 10173 which would make major revisions in the current program. Such reforms would be applicable to all eligible wartime veterans and would not be limited to a special class. This approach seems to have very strong support and, if enacted, would greatly benefit all needy war veterans and would be of far greater benefit to World War I veterans than H.R. 9000. In addition, it would be far less expensive than that being proposed by Mr. Anderson and others. Mr. Montgomery's proposal is estimated to cost approximately \$600 million during the first year and would approach something in excess of \$3 billion over a five-year period.

Although the FY '79 budget includes only \$111 million for "pension improvements", it is my opinion that the White House should provide strong support in the enactment of H.R. 10173 in lieu of other extremely expensive proposals that are now pending before the Committee.

I cannot express too strongly my feeling that Mr. Frank Moore and his staff should make a major effort to gain the support of some Members of the Committee who may be leaning toward a bill that would be the more costly legislative route.

VETERANS' PREFERENCE

It has long been the policy of the United States to promote to the maximum degree possible employment and job advancement opportunities for veterans within the Federal Government.

This was reaffirmed as recently as 1974 when Congress enacted the Vietnam Veterans' Readjustment Assistance Act of 1974. Therefore, it should come as no surprise, with the strong emphasis the Congress and past Administrations have placed on the hiring of veterans, that veterans now number about 50 percent of the Federal Service work force compared to a national labor force that is about 25 percent veteran. This is due to the strong affirmative action that has been taken to employ veterans in the Federal Government over the years. Emphasis to the same degree has not been placed on the employment of veterans outside the federal structure.

Due to the current extremely high veteran unemployment rate,

I would unalterably oppose any change in the current law pertaining to

veterans preference; and I would like to offer the following observations

regarding efforts within the Administration to amend the law.

- 1. In my opinion any effort to modify to <u>any degree</u> the preference for disabled veterans will not be successful.
- 2. It is doubtful that legislation would be adopted to make the five-point preference a "one-time" entitlement. Although I would personally oppose it, in my opinion, a better position would be to allow the preference to continue for the same period of time (10 years or more) given a veteran to complete his education under current law. This could be

agree

defended on the basis that it is a "readjustment benefit" the same as the education entitlement.

- 3. Strong opposition will be encountered if any move is made to eliminate a veteran's "bumping rights", in a reduction-in-force. Under current law, the Civil Service Commission shall prescribe regulations for the release of competing employees in a reduction-in-force which give due consideration to tenure of employment, military preference, length of service, and efficiency or performance ratings. Veterans' preference is not absolute in a reduction-in-force action.

 The agency to be affected has the discretion as to kinds, numbers and locations of jobs to be eliminated or reduced.

 It can determine which employees will be affected and determine whether or not those affected employees have rights to continuing positions.
- 4. Less opposition would be encountered in changing current policy relating to the granting of preference to retired career personnel. If the individual retired due to a disability, the preference should continue.

good



BUDGET SHORTFALLS IN HEALTH CARE

I am advised by some hospital directors within the VA medical system that all hospital directors have been informed by the Department of Medicine and Surgery that the level of funding for the Department in the FY '79 budget is such that unless additional funds are added by the Appropriations Committees the following action will be necessary:

- 1. The on-going medical research programs in 53 hospitals must be terminated.
- 2. Approximately 3,200 hospital beds will have to be closed through a reduction in daily patient census (patients not being admitted who need hospitalization) and fire, safety and privacy requirements. (\$32,000,000)
- 3. Hospitals will be required to "save" \$5,500,000 because sufficient funds were not added to take care of inflation.

This will be the key primary concern of the Disabled American Veterans, the Veterans of Foreign Wars, and The American Legion--expecially the DAV.

It is my further understanding that specific instructions are being relayed to each station on what the apportionment will be for each hospital to meet this funding level. To accomplish this some hospitals will close one or more wards.

This is of great concern to our Committee, and I'm certain the Subcommittee on Medical Facilities and Benefits will be urging the Budget

Committee and the Appropriations Committee to increase the level of medical appropriations.

During the past two years the Veterans Administration has strongly urged and, in the opinion of the Congress, fully justified the need for constructing a new hospital in Camden, New Jersey. In fact, funds have already been appropriated—seven and one-half million dollars for the A and E design of this hospital. Our Committee has continued to be concerned that the current plan for new and replacement hospitals is much too slow. The House position is so strong that it has passed legislation requiring the VA to annually review its ten-year medical facilities program. The measure is pending in the Senate. OMB action in prior years in reducing the hospital construction program has prompted this action.

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CREATION OF DEPARTMENT OF EDUCATION

During consideration of the legislation granting the President authority to reorganize the Executive Department, the former Director of the Office of Management and Budget assured me that jurisdiction over veterans programs administered by the Veterans Administration would remain within the agency.

The veterans organizations are extremely active in efforts to assure that the VA be continued as an independent agency maintaining exclusive jurisdiction over veterans programs.

Our Committee, and in my opinion the overwhelming majority of the House, would oppose any effort to include VA's education and training program within the proposed new Department of Education.

COSTS FOR CONGRESSIONAL INITIATIVES IN FY 1979

It is my view, and I have so indicated to The Speaker,
that new congressional initiatives by the House Committee on Veterans'
Affairs for veterans benefits and services this year will be approximately
\$1.5 billion.

Pension Reform	•	•	•	•	\$	600 million
Compensation & DIC Rate Increases	•	•	•	•		350 million
Education, Training & Employment .	•	•	•	•		300 million
Other Initiatives	•	•	•	•		250 million
ΤΟΤΔΙ					Ś	1 5 billion

THE WHITE HOUSE

January 24, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

SUBJECT:

January 27 meeting with Doug

Fraser, UAW (10 mins.)

1. Timing. Fraser and the UAW would like us to submit our NHI legislation early enough to allow Senator Kennedy and perhaps others to hold hearings during July and August. It is possible that we can meet this goal; at the very least we can develop detailed legislative specifications in time for hearings this summer. Anything more will be difficult.

Perhaps it would make sense to discuss with Fraser whether this timetable is most likely to lead to the passage of an acceptable NHI plan. Given the political and substantive complexity of NHI, it will require a substantial amount of your time to educate the American people and the Congress. You will not have that time between now and this summer, because of Panama, tax reform, SALT, and other issues. This inability to prepare the popular climate sufficiently is exactly why many Congressmen prefer not to make NHI an election—year issue.

2. Substance. Labor has traditionally called for a NHI plan funded entirely by general revenues and payroll taxes. Reaction to the rise in social security taxes points up the problems of payroll tax financing. We, therefore, must look carefully at capturing insurance premiums for our NHI plan (it is estimated that in 1980 about \$60 billion of the total \$200 billion national health expenditures will be financed by private health insurance premiums). This may necessitate significant reliance on private health insurance.

In addition, the UAW has traditionally opposed any patient cost-sharing for covered services. But as Secretary Califano's NHI memorandum to you indicated, even modest cost-sharing can reduce the budget costs of NHI by almost \$20 billion.

DPS and HEW staff have begun discussions with UAW officials on these issues. The initial response suggests that the UAW is reconsidering its position.

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- Lloyd Benfam

13 TERMS - CONGRESS

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CITIES.

Revised: 1/27/78 8:30 a.m.

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(15 min.) The Oval Office.

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1:00 Meeting with Editors. (Mr. Jody Powell). (30 min.) The Cabinet Room.

2:00 Recting with Mayor Coleman Young and (10 min.) Mr. Jesse Hill. (Ms. Bunny Mitchell). The Oyal Office.

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THE WHITE HOUSE WASHINGTON

1/27/78

Mr. President:

A copy was sent to the First Lady.

Rick

THE WHITE HOUSE

WASHINGTON

January 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE J. M./P.

Senator Byrd spoke with me today about transporting the chandelier. The Senator would like this to occur during the Lincoln recess (2/13 - 2/19) in order to avoid a lot of attention and press coverage.

The Architect of the Capitol has been instructed by Senator Byrd to work out the details with Clem Conger. I don't know how much Mr. Conger knows about this matter, but I am certain that he will look to the First Lady for quidance.

ID 780435

THE WHITE HOUSE

WASHINGTON

DATE: 27 JAN 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

SUBJECT: MOORE MEMO RE TRANSPORTING THE CHANDELIER

- + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
- + BY:

ACTION REQUESTED: THIS IS FORWARDED TO YOU FOR YOUR INFORMATION STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

January 26, 1978

945 AM

MEETING WITH REP. RAY ROBERTS (D-4-Texas)

Friday, January 27, 1978 9:45 a.m. (15 minutes)

The Oval Office

From: Frank Moore

I. PURPOSE

To discuss the legislative agenda and priorities for the coming year with particular emphasis on water policy and veterans' affairs issues.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Rep. Roberts is chairman of the Veterans' Affairs Committee, #2 on the Public Works Committee and is chairman of the Water Resources Subcommittee. He was elected to Congress in 1962 and occupies Sam Rayburn's old seat in the House. He has maintained a conservative profile while serving in the House.

Participants: The President, Rep. Roberts, and Bill Cable.

Press Plan: White House Photographer.

III. TALKING POINTS

Water Policy

- 1. The Water Policy Review chaired by Secretary Andrus will forward recommendations to you in mid-February.
- 2. The fiscal year 1979 budget includes no new construction starts and no new water project deletions, pending the outcome of the policy study, although 59 projects in study phases were deleted because they showed little promise in resulting in feasible projects; a result of the zero base budgeting plan. Approximately 9 of the water projects under study that were deleted were located in Texas.
- 3. We will have some new starts to propose at the conclusion of the review period.

4. The study focused on improving federal programs and will not propose any takeover of state water rights.

Veterans' Affairs

1. Pension Benefits--Legislation passed last year by the House, but later killed, would have provided up to \$150/month for World War I veterans. The ultimate cost of that bill would have amounted to \$1.7 billion for the first year and up to \$10 billion during the first 5 years. The leaders on veterans' issues are supporting a proposal extremely limited over that bill. The new proposal would amount to a first year cost of \$600 million, and a 5-year cost of \$3 billion.

You should mention to Rep. Roberts that in a few days you will be submitting a pension reform study. Basic proposals in the study will be to a) treat all income as income, and b) every veteran will be assured the national minimal standard of need. Emphasis you will want to work closely with Rep. Roberts on pension legislation during the coming months.

2. <u>Health Care/Hospitals</u>--The new budget proposes a cut of 3,200 hospital beds, a figure which Rep. Roberts considers too high.

You should stress to Rep. Roberts that while the number of beds will be reduced, the level of service provided will remain at the same high level. The increased use of outpatient care is requiring less bed space while not jeopardizing care levels.

3. Veterans' Preference--Past administrations and congresses have had strong support of veterans in the hiring process. Rep. Roberts believes any change in that policy would be politically disasterous. He believes that if the proposal to eliminate veterans' preference in hiring, it should be confined to retired veterans, and not those with service-connected disability retirements.

You should explain that your proposal to reduce veterans' preference will maintain a readjustment period of 10 years.

4. Veterans' Education Program--Rep. Roberts says he was assured by Bert Lance last year that the jurisdiction over veterans' programs would remain the same with the new budget. He is concerned that the creation of a separate Department of Education will affect the GI education bill financing and wants to be assured that nothing will change with creation of the new Department.

You need to explain that your reorganization proposal does not include moving the Veterans Administration over to the new Department.

THE WHITE HOUSE

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THE WHITE HOUSE

WASHINGTON

27 January 1978

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MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESO

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

- 1. (2/16) Opportunity for regulatory reform -- <u>In Progress</u>, (memo on possible 1978 regulatory initiatives expected 2/8, previously expected 2/1).
- 2. (1/18) (and Schultze) Assess for the President: (a) S-71, and (b) Federal Bank Commission Bill to consolidate bank regulations which are now under 3 agencies -- In Progress, (expected 2/4, previously expected 1/26).
- (1/20) Advise the President concerning the draft message on highway-transit legislation -- Done.

4. (1/25) (and Pat Harris) Proceed on urban policy as indicated on memo. Include all cities, analyze existing programs first, encompass federal, state and local governments, and private neighborhood groups and volunteers -- In Progress, (a series of decision memoranda will be sent to you in Feburary).

ATTORNEY GENERAL:

1. (12/2) The President would like for McIntyre, Eizenstat and your designee to present a reorganization plan, budget analysis and language for the crime message in January -- In Progress, (reorganization plan expected 1/31, crime message expected in March).

SCHLESINGER:

 (12/5) Please give the President a written assessment of your top 45 people regarding demographic make-up -- <u>Done</u>.

done

done

MCINTYRE:

1. (1/19) (and Bourne) In general, the President agrees with Peter's memo on International Health, but a policy review is necessary. You and Peter give the President a time schedule -- In Progress, (expected 1/31).

VICE PRESIDENT:

1. (1/25) Briefly assess advisability of buying some copper for stockpile -- In Progress, (with Vice President, NSC and interagency group, expected for the President's review 2/3).

BRZEZINSKI:

- 1. (12/19) Assess with the Vice President and Frank Moore the best strategy for congressional action regarding the Turkish and Greek DCA's -- <u>In Progress</u>, (with Z. Brzezinski and Sec. Vance).
- (1/17) Advise the President regarding the letter from George Meany on the former Minister of Nepal's situation --Done.

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THE WHITE HOUSE WASHINGTON

FOR	R STAFFING
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FRO	OM PRESIDENT'S OUTBOX
LOG	IN/TO PRESIDENT TODAY
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MONDALE	ENROLLED BILL
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McINTYRE	next day
SCHULTZE	
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	PRESS
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Ш	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE WASHINGTON

rick-please send me cc
thanks -- ssc

THE WHITE HOUSE

WASHINGTON

January 26, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BUNNY MITCHELL

SUBJECT:

Private Meeting with Mayor Coleman Young

and Jesse Hill

DATE:

Friday, January 27, 1978

TIME:

2:00 - 2:10 p.m.

LOCATION:

Oval Office

I. PURPOSE

To offer suggestions for improving the Administration's relations with Black constituents.

II. BACKGROUND, PARTICIPANIS AND PRESS PLAN

A. <u>Background</u>: This meeting was initially requested by Mayor Young in December. Scheduling delays were due to the Presidential overseas trip, and the Mayor's vacation.

Mayor Young believes that additional black White House staffers are needed to strengthen Administration ties with Black Americans. Bill Beckham, who is currently Assistant Secretary for Administration, Treasury Department, is his primary candidate. Beckham formerly worked for Mayor Young in Detroit.

To build support for Administration initiatives, Mayor Young has also indicated his willingness to become more active and visible as Vice Chairman of the DNC. To date, he has not discussed specific recommendations for a "black constituent program" which we could consider.

B. Participants:

The President

Mayor Coleman Young

Jesse Hill

C. Press Plan: White House photographers only.

III. TALKING POINTS

Our 1978 "Black Constituent" program is currently being developed.

Comments include:

- A. Periodic Presidential meetings with Congressional Black Caucus, Black business leaders, national organizations, press. (You met in December and in January with some Black leaders; will meet with business persons and have press briefing in February.)
- B. White House Social Events: A large reception and/or dinner will be scheduled for cross-section of Black Americans during first quarter of year.

C. White House Meetings:

- o Special issue briefings for organizations and interest groups will continue this year.
- "1978 Overview of Administration Programs and Priorities"
 meeting of Black Presidential/Secretarial appointees
 on February 8.

D. Miscellaneous

- o Routine mailings to Black press.
- o Special events coordinated with DNC Black Affairs office.
- o Scheduled appearances by staff on Black-oriented TV, radio shows; speaking engagements.

THE WHITE HOUSE WASHINGTON

MEMORANDUM TO THE PRESIDENT

FROM:

HAMILTON JORDAN 71.9.

DATE:

JANUARY 27, 1978

SUBJECT:

MEETING WITH COLEMAN YOUNG AND JESSE HILL

TODAY AT 2:00pm

Coleman Young and Jesse Hill are coming in today at 2:00pm to meet with you. Although they may discuss other items, the main purpose of the visit is to request that you beef-up black participation on your senior staff. Specifically, Coleman would like for you to bring Bill Beckham from Treasury onto the White House staff.

In my opinion, Bunny has done a lot better job than she gets credit for. Her problem has been that we have not given her the support she needed during the past year, and I accept the blame for that. I think that our new approach to political and policy coordination can improve substantially Bunny's ability to function effectively.

Coleman Young is one of our oldest and best friends; he never fails to give us support when asked. I don't think he has any ulterior motives in making this recommendation; he is simply making a recommendation that he thinks will benefit the Carter Administration.

I recommend that you tell Coleman that you think that Bunny will be getting more support in the future, and that Coleman should never hesitate to pick up the phone to work directly with me.

I'm going to do my best to make sure that Bunny's efforts to coordinate with our black supporters receives the support it deserves.

#340

THE WHITE HOUSE

Stu Eizenstat WASHINGTON Jan. 27, 1978 Jim McIntyre

Charles Schultze Zbig Brzezinski

> The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

> > Rick Hutcheson

cc: Bob Linder

Subject: High Carbon Perrochromium Escape Clause Case FOR PLANE AND THE WHITE HOUS FOR STAFFING FOR INFORMATION FROM PRESIDENT'S OUTBOX LOG IN/TO PRESIDENT TODAY IMMEDIATE TURNAROUND ENROLLED BILL MONDALE AGENCY REPORT COSTANZA CAB DECISION EIZENSTAT EXECUTIVE ORDER JORDAN LIPSHUTZ Comments due to MOORE Carp/Huron within POWELL 48 hours; due to WATSON Staff Secretary McINTYRE next day SCHULTZE ARAGON KRAFT LINDER BOURNE BRZEZINSKI MITCHELL BUTLER MOE PETERSON CARP PETTIGREW H. CARTER CLOUGH POSTON **FALLOWS** PRESS SCHLESINGER FIRST LADY HARDEN SCHNEIDERS HUTCHESON **JAGODA** VOORDE GAMMILL WARREN

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS WASHINGTON

0

MEMORANDUM FOR THE PRESIDENT

24 JAN 1978

FROM:

Robert S. Strauss

SUBJECT: High Carbon Ferrochromium Escape Clause Case

Problem

The United States International Trade Commission reported to you under Section 201 of the Trade Act on December 1, 1977, that a majority of the Commissioners participating in the case had found that imports of high carbon ferrochromium were increasing in such quantities as to cause serious injury or threaten to cause serious injury to the domestic industry producing like or directly competitive articles. Three of the four Commissioners participating in the case recommended that a thirty percent duty be added to the present low duty (i.e. 1.9%) during the first two years of a five year period of import relief. The added duty would be gradually reduced to twenty percent by the fifth year. One Commissioner recommended that an additional eight percent duty be imposed for three years.

You are required to provide import relief pursuant to Section 203 of the Trade Act unless you determine that such relief is not in the national economic interest. If the form of relief differs from that recommended by the majority, or if you choose not to provide import relief because of consideration of national economic interests, your decision is subject to Congressional override by a concurrent resolution.

Action Required

You must decide and announce by January 28, 1978, whether you will impose import restrictions on imports of ferrochromium, and what the form of the relief, if any, will be.

Background

The industry consists of five producers of high carbon ferrochromium (HCF), two of which are intermittent producers. Total sales of firms producing high carbon ferrochromium totalled \$311 million in 1976, of which only 28% were from high carbon ferrochromium (HCF) operations. Remaining revenues came primarily from other ferroalloy production. There were 592 persons employed in the manufacture of high carbon ferrochromium during the first half of 1977, of which 470 were production and related workers. The largest producer of HCF is located in South Carolina. Three of the five producers are located in Ohio. The other producer is located in Tennessee.

Except for the dominant domestic producer, which produces over half (51%) of all HCF made in the U.S., domestic operations were not profitable in 1976 and in the first six months of 1977. Sales have increased irregularly upward since 1972 but costs, especially inventory costs, have risen faster. Domestic prices of HCF rose irregularly between 1972 and 1975. Since 1975, domestic prices have trended downward under the pressure of declining import prices which are generally 10-20% below domestic prices. The difference widened during 1977. Only the largest domestic producer now offers prices competitive with imports, and remained profitable during the period of the International Trade Commission investigation. is substantial excess capacity, domestically and worldwide.

Imports were valued at \$135 million in 1975 and \$70 million in 1976. By late 1977, South Africa supplied nearly three-fourths of U.S. imports. Imports in the first half of 1977 had risen to 117 percent of domestic production up from 39 percent in 1972. Most imports are sold directly to stainless steel producers, the principal users of HCF.

Since March 18, 1977, the United States had prohibited imports of products from Southern Rhodesia, including high carbon ferrochromium and chrome bearing ore. Because of this embargo, South Africa has become the principal U.S. supplier of both of these products. Other than Southern Rhodesia, there is no noncommunist nation with sufficient chrome ore reserves or ferrochromium production capacity to effectively compete with South Africa. Because of the lack of competitive market discipline, South African chrome ore prices determine the world market price level.

In relation to consumption, year end inventories held by producers, consumers and importers were at historical highs in 1975 and again in 1976. Between January 1, 1975, and January 1, 1977, U.S. producer inventories increased 350 percent. By mid-1977, inventories, though reduced, were still at high levels. Growth in domestic stainless steel production is projected to reduce inventories further.

Congressional correspondence urging acceptance of the majority USITC recommentation for relief has been received from Congressmen Davis (SC), Edwards (AL), Kostmayer (PA), Meyner (MJ), Miller (OH), Mitchell (MD), Rinaldo (NJ), and Snyder (KY). Senators Hollings (SC), and Schweiker (PA) also urged acceptance of the recommendation. Congressman Carney (OH) urged rejection of any import relief measure.

Recommendation

Option 1 -- No Relief

The Trade Policy Committee (TPC) agencies, except the Labor Department, recommend that import relief be denied to the domestic industry because:

- (1) The imposition of import relief, whether in the form of a higher duty or an equivalent quota, would not be an effective means to promote adjustment in the industry because (a) the dominant firm in the domestic industry, which now supplies over half of all domestic production, utilizing one of the world's largest, technologically advanced furnaces does not need to adjust to survive, and (b) the other domestic producers which now operate technologically obsolete furnaces, are unlikely to modernize their facilities and are likely to go out of the high carbon ferrochromium business eventually whether relief is granted or not.
- (2) Import relief would substantially increase costs for domestic stainless steel producers by raising prices of high carbon ferrochrome, low carbon ferrochrome, stainless steel scrap and chrome ore. Increased costs to users of HCF are estimated at \$27 million or \$540,000 per job created per year under the USITC's recommended formulation. In view of the quotas on stainless steel imports, such increases would be likely to be passed through to consumers of stainless steel.

- (3) All domestic high carbon ferrochromium producers can readily change their production from HCF to other ferroalloys using the same equipment and workers. Because of the ease of shifting from one type of ferroalloy to another, the potential national security problems (e.g., having capacity to produce HCF) are minimal.
- (4) If no import relief is given, the Department of Labor finds the prospect of further layoffs in the industry during 1978 "doubtful". Reemployment prospects of those HCF workers already laid off are considered "fair" because the stainless steel industry is expected to maintain an adequate level of demand for HCF in the coming year.
- (5) The principal domestic effect of import relief would be to generate windfall profits for the industry's dominant producer, which is still operating profitably and is in a strong competitive position for the long run.
- (6) Any U.S. import restrictive action would bear most heavily on South Africa which could retaliate by embargoing or substantially raising prices of exports of chrome bearing ore to the U.S. The U.S. has no domestic chrome ore sources, all chrome ore is imported. Thus, South Africa could be in a position to frustrate the purpose of any import relief.

For the information of your staff, I am attaching a copy of the paper on this case prepared by the Trade Policy Staff Committee, chaired by this Office. Also attached are a draft Federal Register Notice and Report to the Congress if you accept the TPC recommendation.

I recommend that you find that import relief be found contrary to the national interest:

Approve	1	7
Disapprove		
Other		

Option 2 -- 8% Additional Duty

The Department of Labor recommends that you proclaim an additional duty of eight percent on imports of high carbon ferrochromium for a three year period to be reviewed when

the import relief program for specialty steel is discontinued. Labor argues that this would harmonize the U.S. duty with that of Japan and the European Community ending the incentive to divert foreign supplies to the U.S. market (and notes that Japan is considering a tariff increase on this product). The impact on costs in the stainless steel industry would be modest and windfall profits to the dominant firm would be considerably smaller than the majority USITC recommendation. Labor would expect some improvement in the employment outlook, forestalling job losses through attrition. An automatic review would be announced to coincide with the end of specialty steel quotas to assure that continuation of duties on high carbon ferrochromium would not endanger the employment situation in specialty steel.

Approve	
Disapprove	
Other	

Attachments

Dear Mr. President:

In accordance with Section 203(b)(2) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my determination that import relief for the U.S. High Carbon Ferrochromium Industry is not in the national economic interest, and explaining the reasons for my decision.

Sincerely,

The Honorable Walter F. Mondale President of the Senate Washington, D.C. 20510

WASHINGTON

Dear Mr. Speaker:

In accordance with Section 203(b)(2) of the Trade Act of 1974, enclosed is a report to the Congress setting forth my determination that import relief for the U.S. High Carbon Ferrochromium Industry is not in the national economic interest, and explaining the reasons for my decision.

Sincerely,

The Honorable Thomas P. O'Neill, Jr. Speaker of the

U.S. House of Representatives Washington, D.C. 20515

WASHINGTON

MEMORANDUM FOR

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

SUBJECT: Determination Under Section 202(a) of the Trade Act; High Carbon Ferrochromium

Pursuant to Section 202(b)(1) of the Trade Act of 1974 (P.L. 93-618, 88 Stat. 1978), I have determined the action I will take with respect to the report of the United States International Trade Commission (USITC) dated December 1, 1977, concerning the results of its investigation of a petition for import relief filed by the Committee of Producers of High Carbon Ferrochromium on behalf of the domestic industry producting ferrochromium, containing over 3% by weight of carbon, provided for in item 607.31 of the Tariff Schedules of the United States.

After considering all relevant aspects of the case, including those set forth in Section 202(c) of the Trade Act of 1974, I have determined that provisions of import relief is not in the national economic interest of the United States.

I have determined that the imposition of import relief would not be an effective means to promote adjustment in the industry since the dominant firm in the domestic industry now supplies over half of all domestic production and utilizes one of the world's largest, most technologically advanced furnaces. The other domestic producers, which now operate technologically obsolete furnaces, are unlikely to modernize their facilities.

Import relief would substantially increase costs for domestic stainless steel producers by raising prices of high carbon ferrochrome, low carbon ferrochrome, stainless steel scrap and chrome ore. Increased costs are estimated to be \$27 million per year based on the USITC recommendation. In view of the quotas on stainless steel imports, such increases would be likely to be passed through to consumers of stainless steel. In a time when we are striving to control inflation, this cost is too high.

Provision of import relief is unlikely to induce substantial production or employment gains for the domestic industry producing these articles. The Department of Labor has informed me that prospect of further layoffs in the industry during 1978 are doubtful and employment prospects of those workers already laid off are considered "fair" because the stainless steel industry is expected to maintain an adequate level of demand in the coming year.

The Trade Act of 1974 requires that the President consider the effect of increased import restraints on the international economic interests of the United States. The provision of import relief to the American producers of high carbon ferrochromium would entitle Brazil, the Republic of South Africa, Yugoslavia, other major supplier countries whose exports are affected to request compensatory tariff reductions. If compensation is not provided, the affected countries could retaliate by increasing their restrictions on products which American firms export.

This determination is to be published in the Federal Register.

Jimmy Carter

WASHINGTON

January 27, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

SUBJECT:

Strauss Memo re High Carbon Ferrochromium

Escape Clause Case

I concur with the majority position of the Trade Policy Committee to deny the relief granted by the U.S. International Trade Commission.

I do recommend, however, that before you make a decision you seek Dr. Brzezinski's views on whether this is an appropriate situation in which relief should be granted, not for economic reasons but because of the foreign policy implications regarding South Africa.

While it is clear that South Africa does have the capacity to retaliate by either embargoing or raising the price of exports of chrome-bearing ore to the United States, there nevertheless may be foreign policy reasons why we would wish to grant some form of relief since South Africa supplied nearly 3/4 of the U.S. imports of high carbon ferrochromium.

On the other hand, I suspect, although I obviously defer to Zbig, that this type of isolated action would have little impact on South Africa and, in any event, such relief would not bar South Africa from the American market for high carbon ferrochromium.

I recommend that if you do decide to deny relief that a letter be drafted to Parren Mitchell explaining the fact that your action in no way is meant to encourage South African apartheid policies inasmuch as Congressman Mitchell asserts that if you reject the relief the South Africans will interpret your decision as a signal that despite the government's rhetoric, no forceful action will be taken against them.

THE WHITE HOUSE WASHINGTON

January 27, 1978

Stu Eizenstat Hamilton Jordan Jack Watson

> The attached was returned in the President's outbox. It is forwarded to you for your information.

> > Rick Hutcheson

1st YEAR REPORT ON ACTIVITIES AT HEW LETTER TO CALIFANO

WASHINGTON

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П	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
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ENROLLED BILL
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CAB DECISION
EXECUTIVE ORDER
Comments due to
Carp/Huron within
48 hours; due to
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THE WHITE HOUSE WASHINGTON

To Foe Californo

Jin proud of epour
excellent record during
1977. The report
was gratifying.

I muce



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

January 24, 1978

Excellent

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO

Here is a first-year report on activities at HEW.

To a surprising degree, when your Administration took over in January 1977, the Department of Health, Education, and Welfare suffered from problems that became issues during the 1976 Presidential campaign: lack of responsiveness to citizens; insensitivity to the concerns of State and local governments; inordinate delays in issuing regulations essential to execute laws passed by the Congress; programs whose fraud, error, and abuse rates were significantly diverting taxpayer funds to those not entitled under the law; lack of coherent organization; and, particularly in civil rights, such an unconscionable failure to enforce the law that the Office for Civil Rights was literally taken over by the Federal Courts to assure compliance with the laws.

We have sought to address the problems as systematically and aggressively as possible in 1977, and to fulfill your campaign commitment to provide the American people government that is competent as well as compassionate. Accordingly, we have given as much attention to management improvements as we have to policy development.

Among the major <u>management</u> problems we inherited a year ago, and the initiatives we undertook to resolve them, are the following:

 Problem: Error, fraud, and abuse infected the welfare, Medicaid, Medicare, and student loan programs.

- -- Initiative: An aggressive and expanding program coordinated by the Inspector General to reduce error, fraud, and abuse. Project Integrity (Medicaid), Project Match (welfare), and Operation Cross-Check (student loans). Increased quality control in the Supplemental Security Income (SSI) program, which had already reduced payment errors by 22 percent during calendar 1976.
- Problem: HEW was poorly organized and programs of a complementary nature were not coordinated.
 - -- Initiative: Comprehensive reorganization of HEW so that all health care financing programs are located in the Health Care Financing Administration, all income support programs in the Social Security Administration, all social service programs in the Office of Human Development Services, and all student loan programs in the Bureau of Student Assistance, coupled with reorganization within each of the five operating divisions and the staff offices of the Secretary.
- Problem: The Department had acquired an unfortunate reputation for being unresponsive to the concerns of State and local governments.
 - -- Initiative: A new Office of the Deputy Under Secretary for Intergovernmental Affairs, insuring continuous consultation on the development of all major programs and regulations.
- Problem: Forty-seven million hours of the public's time were required each year to complete reports to the Department.
 - -- Initiative: Paperwork burden on the public reduced by 9.5 million hours (20 percent), exceeding the goal you set for HEW by nearly 6 million hours, and your government-wide goal by 2.5 million hours.

- Problem: HEW regulations covered six thousand pages, and were often inconsistent, obsolete, or incomprehensible.
 - -- Initiative: The launching of Operation Common Sense, a regulation reform initiative to insure that existing and new HEW regulations are developed promptly, are written in clear English, are devoid of unnecessary administrative burdens, and are developed with the active participation of the public, and to revise and codify, over a five year period, all prior HEW regulations.
- Problem: Complex accounting systems resulted in uncorrected fiscal and financial deficiencies; in some cases, accounts had not been reconciled for five years.
 - -- <u>Initiative</u>: The complete overhaul of accounting systems, and increased staffing of finance offices.
- Problem: Implementation of procedures governing grants and procurement was haphazard, and there were no certified contracting officers.
 - -- Initiative: The establishment of a procurement system aimed at training all contracting officers to the point of certification, within three years, and a program to increase competitive bid contracts and reduce sole source and costplus procurement.

Among the major policy problems we inherited a year ago, and the initiatives we undertook to resolve them, are the following:

- Problem: The Social Security Trust Funds were being depleted rapidly.
 - Initiative: Social security financing legislation that will insure the long-range stability and viability of the funds that provide income security to the Nation's growing elderly population. This is the first step in overhauling

the social security system, to be followed by proposals on the disability program, the treatment of women, universal coverage, and other issues.

- Problem: The public was deeply disillusioned with an incomprehensible, inefficient welfare system.
 - -- Initiative: The development and submission to Congress of a comprehensive welfare reform program that will provide better job opportunity and better income to those in need, thereby fulfilling your campaign commitment to seek a complete overhaul of the welfare system.
- Problem: Hospital costs were rising at an annual rate of 15 percent, and other health costs were increasing more sharply than the cost of living generally.
 - -- Initiative: The development and submission to the Congress of a proposal to limit escalating hospital costs to 9 percent a year. Action to speed the formation of Health Maintenance Organizations. Implementation of the Health Planning Act to cut down on unnecessary facilities and equipment.
- Problem: The Federal investment in education was not adequately focused on the development of the basic skills, much less the job-related skills, to prepare people for work.
 - -- Initiative: Task Force on basic skills and competency testing. Increased funding for programs under Title I of the Elementary and Secondary Education Act.
- Problem: The rights of minorities and the handicapped to equal educational opportunity and health and human services were unenforced.

- -- Initiative: Issuance of long-overdue
 Section 504 regulations protecting the
 handicapped, agreements with the Chicago
 and New York school systems on civil rights
 violations, and a sharp increase in Office
 for Civil Rights personnel to actively
 enforce antidiscrimination laws.
- Problem: HEW was not using its leverage and legal authority to get urgent tasks accomplished in the health field.
 - -- Initiative: Actions were initiated to increase immunization levels, protect individuals from voluntary sterilizations, limit research on prisoners, children and fetuses, and remove the potentially fatal drug phenformin.

In developing the initiatives to tackle these problems, we had one essential asset: a dedicated group of career civil servants who were anxious to execute laws passed in the late sixties and early seventies. Particularly at the critical middle management level in several HEW components, the staff welcomed energetic leadership. They developed many of these initiatives and have supported all of them.

We have not solved all, or even most, of the problems. But we have clearly offered legislative and administrative initiatives to fulfill your commitments to the American people.

The following pages detail the major activities of HEW in 1977.

I. BETTER MANAGEMENT

We are trying to make HEW the symbol of the manageability, not the unmanageability, of government. My first goal was to reorganize HEW along more rational lines to help fulfill your pledge to make government work more effectively. In our comprehensive reorganization of March 8 and the related reorganization of the Department's field structure announced in July, we have tried to marry authority to responsibility for program operations, which, in the past, had been fragmented among headquarters organizations and between headquarters and the regions. With clear accountability lodged in the top manager of each agency, it was then possible to develop needed improvements in management procedures and to hold managers responsible for implementing them.

Highlights of these reorganization and management achievements follow:

Reorganization

- Creation of five functional operating divisions.
- Medicaid and Medicare programs consolidated in the Health Care Financing Administration.
- Cash assistance programs consolidated under the Social Security Administration (SSA) by shifting the Aid to Families with Dependent Children (AFDC) program to SSA.
- Social services programs consolidated under Office of Human Development Services.
- Bureau of Student Financial Assistance created to consolidate HEW student aid programs in a reorganized Education Division and Office of Education.
- Reorganized regional office structure, establishing a clear chain of accountability from the Secretary through the leaders of the Department's principal operating programs to field program personnel, and developing a social program assessment capability in field.
- Established a new HEW Office of Management and Budget as a counterpart to the President's Office of Management and Budget (OMB).

- Strengthened the Office of the Executive Secretary to increase the responsiveness of HEW to the President, the Secretary, the Congress, and the public.
- Created Assistant Secretary for Personnel Administration to give personnel matters high priority, and to develop a highly qualified, efficient workforce for HEW.
- Reduced the number of offices reporting to top program managers: from 27 to 7 reporting to the Commissioner of Education, from 24 to 9 reporting to the Assistant Secretary for Human Development Services, and from 37 to 6 reporting to the Assistant Secretary for Health.
- Created Administration for Children, Youth and Families.

Responsiveness to State and Local Government

- In response to your memorandum of February 25, 1977, calling for serious and continuing consultation with state and local government, the Office of the Deputy Under Secretary for Intergovernmental Affairs was established. For the first time in the Department's history, HEW has a capacity to relate headquarters policy initiatives, regional office activities, and day-to-day program management to the concerns of state and local government.
- All major policy, regulatory and administrative decisions are reviewed by this Office for their impact on state and local government.
- The Office has helped significantly in resolving inherited State/Federal problems. The largest financial dispute between HEW and the states (\$1.6 billion of unpaid social service claims) has been settled for \$543 million (pending legislation early in 1978).

The Office serves as an ombudsman in solving major case problems of state and local governments with HEW, and works with Jack Watson of your staff.

Improved Management and Administration

Major Initiatives Tracking System (MITS). A means to monitor the Department's progress toward measurable improvements in the delivery of program services and the achievement of program objectives.

In 1977, top program managers and the Secretary agreed on specific, measurable objectives for each agency over an 18 month period, extending through March 1979. These will be expanded and reviewed each quarter, and individuals in charge of these programs will be judged in their personnel evaluations on their success in meeting them.

-- Examples include:

- Increasing the number of Medicaid and Medicare fraud and abuse investigations from 2,200 now to 5,100 per quarter in March 1979.
- Reducing the processing time for disability claims by 9 percent by March 1979.
- Reducing the current backlog of unprocessed student loan defaults by 25 percent.
- Tightened Control Over Grants and Procurement
 - -- Issued new procurement guidelines requiring scheduling of contracts through the fiscal year, safeguards against favoritism and conflicts of interest, greater specification of contract products, and closer monitoring of contractor performance. Emphasis on increasing competitive grants and contracts.

- -- Established training and certification programs for program and procurement officials. To date, 168 procurement personnel have completed training. Program personnel training began with 67 courses scheduled for FY 78 and 79.
- Tightened Control Over Use of Consultant Services
 - -- Issued new policy prohibiting use of consultants for policymaking or managerial work.
 - -- Required justification of consultant spending in agency budget submissions.
 - -- Required Department-wide reporting of consultant contracts to HEW Office of Management and Budget.
- Improved Financial Management
 - -- Simplified accounting requirements, and ordered prompt correction of financial and fiscal deficiencies when disclosed by audit.
 - -- Increased staffing of finance offices.

II. MORE ACCESSIBLE, LESS BURDENSOME BUREAUCRACY

As of January, 1977, HEW required more than 47 million hours of the American public's time each year to complete reports to the Department. The Department's regulations filled 13 volumes, a total of six thousand pages of frequently inconsistent and often incomprehensible requirements. The Department issued more than 1,600 publications each year at a cost of \$35 million, without a current, comprehensive index.

To deal with these and other problems of administrative responsiveness, comprehensibility, and efficiency, in 1977 we took the following actions:

• Reduction of Paperwork

- -- Reduced paperwork burden on the public by 9.5 million hours (20%) -- exceeding the goal set for HEW by the President by nearly 6 million hours, and the government-wide goal by 2.5 million hours.
- -- A major part of this reduction (5 million hours) was achieved through elimination of duplicate student financial aid forms by the Federal Office of Education.
- -- The Office of Education also reduced the overall frequency of reporting required of its grant recipients by 50%.
- -- New leadership put the Office for Civil Rights' comprehensive survey of Elementary and Secondary Schools on a biennial rather than annual basis, and reduced the elements of the survey by 40%.

Operation Common Sense

-- Established procedures to assure that new regulations are clear, developed with effective public participation and issued on a timely basis.

- -- Began a five-year review of all existing HEW regulations, to get rid of obsolete regulations and simplify the remainder.
- Outreach Efforts. Public hearings have been held across the country to obtain the views and recommendations of individual citizens and interested groups on major HEW initiatives:
 - -- Welfare Reform: 145 meetings; 70 Open Town Meetings.
 - -- Education: Reauthorization of Elementary and Secondary Education Legislation. 51 regional meetings with teachers, administrators, and parents.
 - -- National Health Insurance: 100 public hearings (two in every State); comments received from more than 8,000 individuals and organizations.

• Public Information

- -- All Department components are being brought into full compliance with the Freedom of Information Act.
- -- Review of quality, utilization and costs of publications and audio-visual materials begun, with savings of about \$1.4 million already realized in FY 1977.

III. A DEPARTMENT-WIDE PROGRAM TO REDUCE FRAUD, ABUSE AND ERROR IN HEW PROGRAMS

I have given high priority to an effort to assure the maximum degree of accuracy and integrity in HEW's major cash disbursement programs. Advanced computer technology, applied with scrupulous consideration of individual privacy rights, has been the basis for these investigations. In addition, new legislation recently passed by Congress and signed into law has significantly strengthened penalties for Medicaid and Medicare fraud and abuse.

The Department's 1977 activities included:

- Staffing and Organizing the Office of Inspector General. This office was created by Congress in October 1976 to oversee and coordinate the Department's attack on fraud, abuse and error in its programs.
- Project Integrity has focused on physician and pharmacist fraud, abuse and error in the Medicaid program:
 - -- of 252 million billings examined by computer, 47,000 cases were sufficiently suspicious to warrant further scrutiny.
 - -- 2,434 of the more egregious cases in each State were selected for field review by Federal/State teams; 1,069 are under active review.
 - -- 337 cases have been identified as having criminal fraud potential; 538 cases have been identified as probably warranting administrative sanctions by States.
 - -- Planning is underway to expand the application of this anti-fraud and abuse technology to other health providers such as hospitals, dentists, laboratories, and nursing homes, and to the Medicare program.

- Project Match has used computers to compare Federal civilian payrolls with Aid to Families with Dependent Children (AFDC) rolls in 23 jurisdictions accounting for nearly 75 percent of all AFDC recipients.
 - -- A District of Columbia pilot project found that 116 of 216 initial matches were either ineligible for AFDC or overpaid.
 - -- Nationwide matching has produced 26,000 initial matches of which 13,000 have been selected for immediate further processing.
 - -- Future plans include matching of military payrolls with AFDC rolls.
- Operation Cross-Check was begun to identify Federal employees who have defaulted on federally guaranteed student loans. A pilot project found 316 HEW employees who had defaulted on loans. Of these, 26 have since paid in full and 132 have begun repayment. Cross-checking of all government civilian payrolls against HEW's list of student loan defaulters will begin this month.

IV. LEGISLATIVE AND PROGRAM REFORMS AND INITIATIVES

In 1977, several major pieces of new legislation were developed by the Department and the Administration, and the groundwork laid for an even more extensive legislative agenda in the year ahead. At the same time, we have moved administratively in several areas to reform and revitalize existing programs and to reprogram resources to intensify activities that merit higher priority. The more important legislative initiatives and program reforms are highlighted below.

Major Legislation Enacted

- Passage by the Congress of financing legislation assuring long-term viability of the Social Security System.
- Passage by the Congress of Medicaid-Medicare
 Anti-Fraud and Abuse legislation increasing penalties for improper activities by health care providers.
- Passage by the Congress of the Rural Health Clinic Services Act, authorizing Medicare and Medicaid reimbursement direct to paramedicals for services in underserved rural health areas and, on a demonstration basis, in medically underserved urban areas.
- Passage by the Congress of legislation extending the Indochinese resettlement aid program and assisting refugees in attaining permanent resident status.
- Passage by the Congress of appropriations totaling \$3.25 million in fiscal 1978 for increased opportunities in graduate and professional education for members of minority groups.

Legislative Initiatives

- A comprehensive welfare reform package;
- Legislation to contain soaring hospital costs;
- Legislation to assess and improve child health (immunization and health screening);
- Legislation to enhance child welfare and promote foster care;

- Legislation based on agreements worked out with the States to settle outstanding social service claims against the Federal government, some of which have been pending since the early 1970's.
- Planning for presentation of the Administration's National Health Insurance Program.
- Planning for a comprehensive revision and reform of federal food and drug laws.
- Planning for renewal and focus of the major federal programs in elementary and secondary education around the related goals of equal educational opportunity and improved basic skills.

Program Initiatives

- Health
 - -- Immunization. We have launched a 30-month campaign to increase the percentage of children immunized against leading childhood diseases from 65 percent to 90 percent.
 - During the first three quarters of 1977, the number of vaccinations administered in public programs increased over the same period for 1976, as follows:
 - -- up 56 percent for measles;
 - -- up 22 percent for mumps;
 - -- up 15 percent for rubella.
 - During the final three months (through December 16th) of 1977, the number of reported cases of measles dropped a dramatic 65 percent from the same period in 1976. A good part of this improvement can be attributed to increased immunization.

- -- Health Maintenance Organizations (HMOs). We have assigned high priority to review of applications for federal support and approval of HMOs, reduced the backlog of pending applications, and organized for early 1978 a major conference to encourage business and industry participation in HMOs.
- -- National Health Resources and Planning. We began implementing legislation passed in 1974 to assist States and local communities in controlling construction of unnecessary health facilities and purchase of unnecessary and costly equipment.
- -- Use of "Imminent Hazard" Authority. We removed from the market the diabetic drug phenformin which had been associated with a potentially fatal side effect that threatened 325,000 users. This was the first use of the extraordinary "imminent hazard" authority by the Secretary of HEW since the power was established in 1962.
- -- <u>Sterilization</u>. We proposed new regulations concerning HEW funded sterilizations to assure that they are voluntary and that the patient has a full understanding of the consequences.
- -- St. Elizabeths Hospital. We began a major effort to restore accreditation and arranged for transfer of unused long-term care facility in the District of Columbia to St. Elizabeths. The Joint Committee on the Accreditation of Hospitals continued Medicare certification following institutional survey and acceptance of plan for correction of deficiencies.
- -- Protection of Human Subjects. We have moved to increase protection in the areas of fetal research, prisoner research, and the use of children as research subjects.

Education

Developed a comprehensive series of proposals renewing and redirecting elementary and secondary education legislation during 1978, including:

Title I (compensatory education)
Emergency School Assistance Act
Impact Aid
Bilingual Education

-- Established Task Force on basic education skills and competency testing. Increased funding for programs under Title I of the Elementary and Secondary Education Act.

Income Security

- -- Pending Congressional enactment of comprehensive welfare reform, HEW took steps to improve administrative efficiency and integrity of existing AFDC program, including:
 - Simplification of federal regulations;
 - Performance standards for error reduction and service improvement;
 - Preliminary administrative planning for making welfare reform program operational.
- -- Task Force established to assess issues involved in equal treatment of women under Social Security.
- -- Average processing time for claims in all disability programs was reduced during 1977. A study is underway to make recommendations on further ways to improve services.
- -- The Social Security Administration implemented a system to promptly replace checks due to beneficiaries and that are delayed or not paid when due. Replacement time has been reduced to 3-5 days.

- Civil Rights. The mission of the HEW Office for Civil Rights expanded greatly in recent years to include not only the assurance of equal opportunity for minority groups, but for women, the handicapped and the aged as well. However, previous administrations had failed to enforce these laws fully. Highlights of our enforcement actions follow:
 - -- Regulations implementing Section 504 of the Rehabilitation Act of 1973 were revised and issued. These regulations, which had been pending since the passage of the Act, require that federally supported programs be accessible to the handicapped.
 - -- A settlement was reached in three outstanding civil rights cases brought against HEW, including the Adams case on segregated state systems of higher education, that sets reasonable standards for HEW's enforcement of the laws banning discrimination.
 - -- Formal agreements were reached on major civil rights cases involving the New York City Board of Education.
 - -- After extensive and difficult negotiations, we reached an agreement with the Chicago School System on a number of civil rights complaints, some of them extending back 13 years. This agreement represents a basis for resolution of cases in many States and local jurisdictions.
 - -- The comprehensive HEW reorganization requires the Department's operating divisions to assume responsibility for applying and enforcing the Nation's civil rights laws in their programs, and establishes a new Division in the Office for Civil Rights to monitor agency performance in civil rights enforcement.
 - -- The Office for Civil Rights had never been staffed adequately to undertake its responsibilities. By filling vacant positions and increasing the ceiling, we have increased the number of personnel devoted to enforcement of civil rights laws.

Human Services

- -- A new service delivery assessment program under the Office of Inspector General is making quick on-site evaluations of HEW programs with special emphasis on the quality of treatment and services actually received by citizens. The first study, an assessment of Home Health Care, is now underway in Florida.
- -- Head Start. In FY 1978, Head Start received a budget increase of \$150 million, for a total budget of \$625 million. This enables HEW to increase by 20 percent the number of children enrolled, as well as cover cost increases due to inflation. This action represents the first expansion for Head Start in almost a decade.

CONCLUDING COMMENT

As the foregoing indicates, we have a long agenda of program and administrative goals to realize in the years ahead. We have some solid achievements, we have moved to fulfill your commitments to the American people, and we have much work in motion.

The new leadership team at HEW is dedicated to the proposition that government must be competent as well as compassionate. We know that the character of our trust with the Congress and the public depends on the realization of improved performance, a fresh reputation for responsiveness to the real human and social needs of the American people, and the elimination of fraud, error, and abuse in programs that together spent more than \$140 billion in FY 1977.

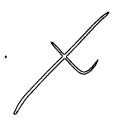
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THE WHITE HOUSE

WASHINGTON

25 JAN 78

FOR ACTION:



INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

MIDGE COSTANZA HAMILTON JORDAN

FRANK MOORE (LES FRANCIS)

JODY POWELL

JACK WATSON

JIM MCINTYRE

SUBJECT: CALIFANO MEMO DATED 1/24/78 RE ACTIVITIES AT HEW DURING

1977

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

BY:

ACTION REQUESTED: THE ATTACHED IS FORWARDED TO YOU FOR INFORMATION STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE WASHINGTON

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THE WHITE HOUSE WASHINGTON January 27, 1978

Frank Moore Ronna Frieberg

The attached was returned in the President's outbox today and is forwarded to you for your information.

Rick Hutcheson

RE: CALL TO AND LETTER FROM SEN. GOLDWATER RE PANAMA

THE WHITE HOUSE WASHINGTON

1-18-78

2:40 pm

Goldwaler - re his Letter

a) Greatly impressed & lowijos "Country in good hands"

b) Long Thought we needed a new teaty

c) Memorandum of understander

(if signed) would resolve

most concerns

d) " Hoping I can help you with the treaty"

e) No Commitment - will meet with Baken BARRY GOLDWATER

United States Senate

WASHINGTON, D.C. 20510

Dictated January 8, 1978 Transcribed January 10, 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

This is being dictated in Panama where I have been for the last few days primarily to take a look at our intelligence agencies in connection with my work on the Select Committee on Intelligence.

Naturally, my interest in the Treaties caused me to ask for an audience with General Torrijos, which he granted me, and I have just returned from his home. I was very pleasantly surprised by this man's cordial attitude and also by the fact that he seems willing to make changes where he feels changes would be of mutual value.

As you have read in the paper, Senator Baker just left here and he made the same suggestion to the General that I made this morning; namely, that both of you affix your signatures to the letter of clarification that you both agreed to last fall. I respectfully urge you to do this for, in my estimation, while it might not be enough to turn me around completely, I think it could have at least a fifty per cent chance of the Senate accepting the Treaties.

I suggested to the General that, if you agreed to this, after conversing with him, it might be a good idea for you to come to Panama to affix your signature. I have found the absence of the word intervention in the Treaties to be more often objected to than any other single feature.

The fact that you have both prepared and agreed vocally to the clarifying statement concerning intervention has no Treaty substance. But, in the opinion of lawyers, if you both signed it, it could become an accepted part of the Treaties and would eliminate the necessity for another plebiscite in Panama. You understand Spanish, as do I, and you know the word intervention in Spanish has a rather violent meaning compared to the way we use it in English. To the Spanish-speaking person, intervention means the use of strength and also means the right, in this case, in their minds, of involvement in any local dispute of any nature.

I think, therefore, that before you sign this paper, if you agree to it, that both of you should sit down and be very explicit as to the limitation of intervention, confining it to the right of the United States to become involved in any protection the Canal might need.

COMMITTEES:

ARMED SERVICES
TACTICAL AIR POWER SUBCOMMITTEE
INTELLIGENCE SUBCOMMITTEE
RESEARCH AND DEVELOPMENT SUBCOMMITTEE

COMMERCE, SCIENCE AND TRANSPORTATION SCIENCE, TECHNOLOGY AND SPACE AVIATION

SURFACE TRANSPORTATION

SELECT COMMITTEE ON INTELLIGENCE VICE CHAIRMAN I know that your advisors will tell you that this is not necessary because other language in the Treaties takes care of it, but I respectfully suggest that this is not the case, that there is much ambiguity in the language in the defense part of the Treaties that would raise questions about our being able to defend the Canal and that, of course, is absolutely paramount to all of us.

I offer you this with the full realization that I, as an American citizen, or even as a Senator, have no business in arranging foreign policy or changing it. That is your job and the most important one you have. However, I did discuss this with the General and he was most receptive to the idea as he expressed himself to Senator Baker. Therefore, having written you this letter on the subject, I stand open for questions that you may want to ask of me and I will be home in the United States when you receive this.

With respect,

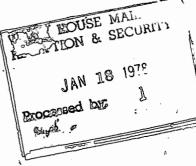
United States Senate

COMMITTEE ON ARMED SERVICES WASHINGTON, D.C. 20510 OFFICIAL BUSINESS

Mark



The President
The White House
Washington, D. C. 20500



WASHINGTON

ADDRESS TO
DEMOCRATIC NATIONAL COMMITTEE
Friday, January 27, 1978
Capital Hilton Hotel

Departure: 11:25 a.m.

From: Tim Kraft

SEQUENCE;

11:25 a.m. You board motorcade on South Grounds and

depart en route Capital Hilton Hotel.

11:28 a.m. Motorcade arrives Capital Hilton Hotel.

PRESS POOL COVERAGE CLOSED ARRIVAL

Proceed to Presidential Ballroom offstage

announcement area.

11:30 a.m. Arrive Presidential Ballroom offstage announce-

ment area and pause for announcement. You will

be met by:

John White, Chairman, Democratic National

Committee

Ken Curtis, Former Chairman

11:31 a.m. Announcement.

Escorted by Mr. White and Mr. Curtis, proceed

on stage and take your seat.

11:32 a.m. Introduction of you by Chairman White.

11:35 a.m. PRESIDENTIAL REMARKS.

FULL PRESS COVERAGE ATTENDANCE: 1,000

12:00 noon Remarks conclude. You depart stage, proceed

to motorcade, board and depart en route

South Grounds.

12:08 p.m. Arrive South Grounds.

THE WHITE HOUSE

January 26, 1978

MEMORANDUM TO THE PRESIDENT

FROM:

JIM FALLOWS, SUSAN BATTLES

SUBJECT:

DNC Meeting at Capital Hilton

1. We are here to welcome John White to the DNC, and to congratulate him on his new role as chairman; but we are also here to congratulate your good friend Ken Curtis on the outstanding job he has done.

Ken deserves the thanks of all Democrats for taking over at the DNC when it needed leadership a year ago. He did this as a personal favor to you, particularly since he had to leave his beloved state of Maine to come to what he might consider the deep South.

When the opportunity arose to take a bus trip from Washington to Baltimore to watch the Boston Red Sox play baseball last Fall, Ken was one of the first to sign up -- along with a number of other displaced and homesick New Englanders.

Ken has worked very hard to put the Democratic Party back on its feet financially, and has made a good start at setting up the mid-term convention.

Most importantly, Ken has established a real open-door policy at the DNC. He has heard and valued the opinions of all who cared to share their thoughts and opinions with him, and for setting that tone, everyone who has dealt with Ken is grateful.

2. A President spends a lot of time listening to complaints from his appointees, but at least John White could never say that his days at the Department of Agriculture were boring. He left his job shortly after several dozen farmers took over his office, resulting in a large front page picture in the Washington Post the next day. Ken Curtis would probably tell him that he's had ideal on-the-job training for his new job at the DNC.

John White's extensive political experience, his devotion to the party, and his broad range of friendship and support, make him an ideal person to take control of the party. His credentials are sound -- Stevenson, Humphrey, McGovern -- and then, in 1976, Lloyd Bentsen. It's an honor to be even the second choice of a man like John White.

White has a sterling reputation throughout the country, and especially in Texas. He is known there as Mr. Democrat, and as the man who can bring peace to any disparate group -- even a Democratic caucus. One indication of his popularity is his election to 13 terms -- 26 years -- as Secretary of Agriculture in Texas. You hold him in the same high esteem as did his constituents.

White's wife Nellie, is also here, a lady whom Texans have long admired. People say he and Nellie have the same kind of close marriage you and Rosalynn have. White's son Edward and daughter-in-law Debbie will also attend.

3. The real importance of these occasions, of course, is to give us all a chance to reaffirm our belief in the Democratic Party -- and our knowledge that a strong, united Party, representing the common people of America and our uncommon dreams, is the best possible tool for creating a better nation. In order to get programs through the Congress, to get Democrats elected to office in this year's contests, and to raise money to make the Party viable, Democrats nationwide must work together. The Administration needs the Party, and never forgets that fact. The Democratic Party has traditionally been the champion of the poor and oppressed, the only political vehicle available to us to make social progress and to provide justice for the greatest numbers of people. Democrats quarrel, disagree, and sometimes feud -- which is all to the good; when it comes to enacting change and making our society better, the members of our Party speak with one voice. Now, with the first Democratic Administration to work with the Democratic Congress in eight years, we are ready to work with the DNC to make sure our Party's voice is heard.

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THE WHITE HOUSE WASHINGTON

27 January 1978

MEMORANDUM FOR
THE HONORABLE BROCKMAN ADAMS
Secretary of Transportation

Re: 55 MPH Speed Limit Compliance Criteria

The President reviewed your memorandum of January 4 on the above subject and approved your recommendation.

Rick Hutcheson Staff Secretary

bcc: Stu Eizenstat

Bob Lipshutz

Frank Moore (Les Francis)

Jim McIntyre

WASHINGTON JAM Y

JO PAN DE PROMITOR OF THE STATE OF THE FOR INFORMATION FROM PRESIDENT'S OUTBOX LOG IN/TO PRESIDENT TODAY IMMEDIATE TURNAROUND MONDALE ENROLLED BILL AGENCY REPORT COSTANZA EIZENSTAT CAB DECISION JORDAN EXECUTIVE ORDER Comments due to LIPSHUTZ Carp/Huron within MOORE POWELL 48 hours; due to WATSON Staff Secretary McINTYRE next day SCHULTZE ARAGON KRAFT BOURNE LINDER BRZEZINSKI MITCHELL BUTLER CARP PETERSON H. CARTER PETTIGREW CLOUGH POSTON FALLOWS PRESS FIRST LADY SCHLESINGER SCHNEIDERS HARDEN HUTCHESON STRAUSS **JAGODA** VOORDE GAMMILL WARREN



THE WHITE HOUSE WASHINGTON

January 26, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM:

Robert J. Lipshutz

SUBJECT:

55 MPH Speed Limit

Present law requires all states to have 55 MPH speed limits. The Governor of each state, in order to receive any highway funds, must "certify" that the 55 MPH speed limit is being enforced. If the Governor does not certify such enforcement, the state can receive no Federal funds from the Department of Transportation. The Justice Department agrees with the Department of Transporation that there is no way to go behind the Governor's certification to determine whether or not the speed limit is actually being enforced.

The proposed legislation would require the states to submit detailed reports on the percentage of drivers who are complying with the speed limit. Goals for compliance would be set for the states and the Secretary of Transportation would be given discretion to withhold a percentage of highway funds until such goals were met. DOT and Justice agree that regulations are not legally sufficient to withhold funds in this manner and that legislation is needed.

Per the attached memorandum, the Secretary of Transportation recommends that the Administration support the proposed legislation.

There is strong opposition to such legislation, especially in the western states and other states where there are open highways with little traffic.



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

JAN 2 19778

MEMORANDUM FOR THE PRESIDENT

From: Brock Adams

Subject: 55 MPH Speed Limit Compliance Criteria

The Department's 1978 Highway Safety Legislative Proposal -- recently submitted to OMB for Administration approval -- proposes the establishment of statutory 55 mph compliance criteria.

I understand that you raised a question regarding the need for additional legislative authority to establish such criteria. It is Legal Counsel's view that we do not have clear authority under the present statute to establish compliance criteria by regulation. However, even if we could legally support such a position, which is questionable, I believe that it would be unwise to adopt it without seeking an explicit endorsement from the Congress.

I should point out that the remaining parts of the new Highway Safety Legislative proposal provide the States with considerably more latitude and discretion than the existing legislation. We have eliminated many of the existing standard compliance criteria and have provided the States with the authority and responsibility to identify their safety problems and to select countermeasures most appropriate to their problems. However, the 55 mph speed limit is of such a sensitive nature that I believe we need specific Federal criteria.

The alternatives to the proposed legislation are to establish the criteria through administrative regulations or to maintain our present posture which does not provide specific criteria for assessing State compliance. As I have indicated, the first of these alternatives has an uncertain legal basis and, from a political standpoint, places the Department in the difficult position of trying to impose stricter controls upon the States without an explicit Congressional mandate. Previous experience with motorcycle safety helmet regulation vividly illustrates the difficulty of such a position. Congress overruled the Department's helmet usage regulation in 1976. The second alternative leaves us in a position of merely jawboning the States to do a better job in an unspecified way. Up to now, that hasn't worked very well.

I, therefore, request your support for our legislative proposal.

OTHER STAFF COMMENTS

OMB: concurs with DOT.

- o At present, DOT is doing little more than jawboning for 55 mph compliance. The only existing sanction -- to cut off all Federal highway funds -- is an overly-stiff "all or nothing" penalty.
- o Strict enforcement of the 55 mph limit is the single most important ingredient in holding down highway deaths.
- o The proposed legislation will permit DOT to perform more effectively in guaranteeing proper state enforcement.

Eizenstat: concurs with OMB and DOT.

<u>Congressional Liaison</u>: no comment, but points out that the stricter the criteria, the more heat Western state congressmen will feel.

OPTIONS:

	to the Governors the importance of the 55 MPH speed limit and seek their voluntary compliance and support.
	Approve
	Disapprove
2.	Have the Congressmen introduce proposed legislation as an Administration Bill. Legislation will not be introduced unless it is supported by the Administration. (DOT recommends) OMB, Eizenstat Approve Disapprove
3.	Delay the introduction of the proposed legislation until passage of the energy bill to see what conservation provisions are included which might affect this legislation. (I recommend) Lipshutz
	Approve
	Disapprove

THE WHITE HO Date: MEMORANDUM January 6, 1978 FOR ACTION: FOR INFORMATION: The Vice President Jim McIntyre altile. Midge Costanza Stu Eizenstat The han prohisulit - needs to Bob Lipshutz Frank Moore (Les Francis) Jack Watson FROM: Rick Hutcheson, Staff Secretary Adams memo dated 1/4/78 re 55 MPH Speed Limit Compliance

Criteria

relation

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

12:00 Noon

DAY:

Monday

DATE:

January 9, 1978

ACTION REQUESTED:

_x__ Your comments

Other:

STAFF RESPONSE:

___ I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052) THE WHITE HOUSE WASHINGTON

Rich: Be sure Sty + Jac add their ndotrono

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THE WHITE HOUSE WASHINGTON

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Carp/Huron within
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THE WHITE HOUSE

WASHINGTON

January 9, 1978

MEMORANDUM

TO:

Rick Hutcheson

FROM:

Bob Lipshutz

SUBJECT:

Brock Adams' Memo Dated January 4, 1978,

Regarding 55-Mile-Per-Hour Speed Limit

Compliance Criteria

Pursuant to our discussion today, please be advised that I am getting a formal legal opinion from the Justice Department regarding the current law on this question.

It is my understanding that you plan to hold up submitting this to the President until we can ascertain the correct law. In that manner, he will be apprised of the alternative courses of action which are available, such as: new legislation; administrative action by the Secretary of Transportation; administrative action by the President; etc.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 9 1978

MEMORANDUM FOR:

RICK HUTCHESON

THROUGH:

Bo Cutton

FROM:

Dennis O. Green

SUBJECT:

55 mph Speed Limit Compliance Criteria

As we understand it, DOT's problem with the 55 mph speed limit law is as follows:

- Existing law provides that DOT shall not approve any highway construction projects in states not enforcing the 55 mph limit.
- o The law is not specific regarding what constitutes proper enforcement.
- o The sanction of cutting off all Federal highway funds places DOT in an uncomfortable position of imposing overlystiff ("all-or-nothing") penalties.
- Attempts to rectify the situation through administrative regulations is legally questionable and may be politically untenable.

Therefore, DOT is requesting clearance of a legislative proposal which would explicitly establish speed limit compliance criteria. The criteria would be phased in over four years so that at least 85 percent of each states' traffic would be in compliance with the 55 mph speed limit by 1982. Failure of a state to meet this standard would lead to a less drastic penalty than currently exists -- 10 percent of Federal highway funds would be withheld, rather than the current 100 percent withdrawal.

Although OMB has been reluctant to have the Federal Government intrude itself into states' exercise of their traditional police powers and to "second guess" states in reference to their traffic enforcement activities, we nonetheless concur with DOT's assessment of the issue. In addition to the points made by DOT, we would point out the following:

- Highway speeds, after dropping significantly in 1974 and 1975, are gradually increasing. From 30 percent to 77 percent of vehicles in various states exceeded the limit during the first six months of 1977. Average speed on rural Interstate highways is now about 58 mph.
- Strict enforcement of the 55 mph limit is probably the single most important ingredient in holding down highway deaths, irrespective of the fact that DOT is now spending more than \$600 million annually for highway safety activities.

Currently, DOT is doing little more than "jawboning" for 55 mph compliance. We believe that the proposed legislation will permit the Department to perform more effectively in guaranteeing proper state enforcement.

Dennis O. Green

Associate Director for Economics and Government

THE WHITE HOUSE

WASHINGTON

27 January 1978

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON

SUBJECT:

Summary of Staff Comments on

Adams Memo

OMB: concurs with DOT. At present, DOT is doing little more than "jawboning" for 55 mph compliance. Strict enforcement of the 55mph limit is the single most important ingredient in holding down highway deaths. The only existing sanction is for DOT to cut off all Federal highway funds - an overly stiff 'all or nothing' penalty.

Eizenstat concurs with OMB and DOT.'

Congressional Liaison has no comment, but suggests that congressional reaction will depend on what criteria the leighsation calls for. Western state congressmen would in particular would feel the heat if criteria were overly strict.

Bob Lipshutz' comments are attached.

28

TATE C

Date: January 6, 1978 MEMORANDUM

FOR ACTION:

Jim McIntyre

FOR INFORMATION:

The Vice President Midge Costanza Stu Eizenstat Bob Lipshutz

Frank Moore (Les Francis) Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Adams memo dated 1/4/78 re 55 MPH Speed Limit Compliance

Criteria

YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:

TIME:

12:00 Noon

DAY:

Monday -

DATE:

January 9, 1978

ACTION REQUESTED:

x Your comments

Other:

STAFF RESPONSE:

_ i concur.

No comment.

No comment on the necessity for legislatively mandated criteria. However, much will depend on what criteria the legislation calls for. Monitoring road speeds would be relatively unobjectionable but requiring a certain number of citations would be politically unpopular. Senators from Western states in particular feel the heat on this issue.

411

THE WHITE HOUSE

WASHINGTON

January 26, 1978

TO:

The President

FROM:

Walt Wyrfel and Lings Peek

RE:

Your Q and A Session with Non-Washington Editors,

1:00 p.m., Friday, January 27, Cabinet Room

This group will meet with you after being briefed by Jim Bishop (Energy), Charles Schultze, Esther Peterson, and Valerie Pinson and Jim Free (Congressional Liaison). After your meeting, they will be briefed by Ambler Moss (State). (An agenda is attached.)

The 35 participants come from 18 states. They are attending the American Press Institute's seminar for Executive and Managing Editors. All are from newspapers with circulation 50,000 and under. (A list of participants is attached.)

A photo pool will be in the Cabinet Room the first two minutes.

THE WHITE HOUSE

WASHINGTON

AGENDA

January 27 Briefing American Press Institute Editors

8:30 - 8:40 a.m.	Coffee and Donuts
8:40 - 9:00 a.m.	Welcome WALT WURFEL, Deputy Press Secretary PATRICIA BARIO, Associate Press Secretary PAT BAUER, Editor, White House News Summary
9:00 - 10:00 a.m.	JAMES BISHOP Director, Office of Public Affairs Department of Energy
10:00 - 10:15 a.m.	Break
10:15 - 11:00 a.m.	CHARLES L. SCHULTZE Chairman, Council of Economic Advisers
11:00 - 11:45 a.m.	ESTHER PETERSON Assistant to the President for Consumer Affairs
11:45 - 12:30 p.m.	Lunch VALERIE PINSON, Special Assistant JAMES FREE, Special Assistant Office of Congressional Liaison
12:30 - 1:00 p.m.	En Route to Cabinet Room
1:00 - 1:30 p.m.	Q and A with PRESIDENT CARTER
1:30 - 2:00 p.m.	Filing Time
2:00 - 2:15 p.m.	JODY POWELL Press Secretary to the President
2:15 - 3:00 p.m.	AMBLER MOSS Deputy Assistant Secretary for Congressional Relations Department of State

JANUARY 27 BRIEFING PARTICIPANTS

CALIFORNIA: George Collier, editor, The Daily Report, Ontario.
Republican paper in agricultural/suburban area.
Concerns: 160-acre limit, taxes, unemployment, social security, undocumented workers.

David Ellis, managing editor, Tulare Advance-Register. Republican paper in heavy farming area. Concerns: 160-acre limit, agriculture strike, undocumented workers.

James Grath, managing editor, San Pedro News-Pilot. Conservative paper in harbor community. Concerns: maritime affairs, undocumented workers, property taxes, Los Angeles Harbor.

CONNECTICUT: Thomas Oat, news editor, The Norwich Bulletin.

Concerns: Norwich's severe economic problems, local

Navy submarine bases and construction plants, unemployment.

Chris Powell, managing editor, Manchester Journal Inquirer. Tabloid in Republican, rural/suburban area near Hartford. Concerns: taxes, social security.

- FLORIDA: Lee Moore, assistant managing editor, Daytona Beach News-Journal. Concerns: space program appropriations, solar energy development, agriculture, tourism. Paper is pro-Panama treaties.
- ILLINOIS: Mary Lou Bessette, managing editor, The Beacon-News, Aurora. Copley newspaper in conservative, urban area with manufacturing interests. Pro-Panama treaties.

James Broadway, editor, Edwardsville Intelligencer. Lindsay-Schaub paper in rural, college town. Broadway is Republican.

Robert Harrison, editor, Galesburg Register-Mail. Very conservative, small newspaper in college town. Concern: agriculture, especially export policy.

Wayne E. Lyon, managing editor, Daily Times, Ottawa. Very conservative paper in rural area. Primary concern: agriculture -- may get question on how human rights policy is affecting agriculture export sales. Anti-Panama treaties.

INDIANA: Bernie Gilmer, feature editor, Shelbyville News.
Republican, agricultural area; anti-Panama treaties.

Karl Henrichs, managing editor, Vidette-Messenger,
Valparaiso. Republican paper in suburban area NW Indiana.
Concerns: transportation problems (Conrail), steel.

Robert Reed, editor, Franklin Daily Journal. Republican paper in suburban Indianapolis. Concerns: taxes, social security, agriculture. Anti-Panama treaties.

Dick Sheets, news editor, The Republic, Columbus. Republican paper in south central Indiana. Concerns: agriculture and coal. Anti-Panama treaties.

Kathie A. Smith, managing editor, La Porte Herald-Argus. Republican paper in NW Indiana. Concerns: agriculture, transportation problems (Conrail), steel industry. Anti-Panama treaties.

- KANSAS: William Mertens, managing editor, Hays Daily News.
 Hays is very conservative, exclusively agricultural
 area. Export grain sales of particular interest. AntiPanama treaties.
- MASSACHUSETTS: Mathew Zawidowski, news editor, Holyoke Transcript-Telegram. Liberal Republican newspaper in rural, college town. Concerns: energy, tourism and farming.
- MICHIGAN: Mitchell Kehetian, managing editor, Macomb Daily,
 Mt. Clemens. Largest Panax paper in Michigan. Serves
 a conservative area of suburban Detroit. Concerns:
 Social Security Tax increase, energy, urban revitalization.
 - John P. Kinney, managing editor, Traverse City Record-Eagle. Paper in a Republican, agricultural area.
- NEW JERSEY: William H. Neubeck, editor, New Jersey Herald, Newton. Small, Republican daily serving rural northern NJ. Concerns: land management and growth policy. Might be interested in proposed Williams-Case National Preserve Act (land protection).
- NEW YORK: Peter Costa, national editor, United Press International, New York.

Waldo Dannenbrink, managing editor, Canandaigua Daily Messenger. Small, conservative daily in agricultural area of upstate NY. Concerns: Indian land claims in upstate NY, Postal Reform Bill, agriculture. May ask about HUD community development money appropriated in area.

NEW YORK: James Dynko, managing editor, Press-Republican,
Plattsburgh. Very depressed conservative area. Concerns:
agriculture, industry, St. Lawrence Seaway, Canada-US
relations.

Charles Hoffman, editor, White Plains Reporter Dispatch. Concerns: HUD community development funds, social security, taxes.

John Simpson, managing editor, Ithaca Journal. Daily in university town. Concerns: tuition tax credit, proposed Department of Education, agriculture (dairy), and railroad problems (Conrail). Paper leans liberal, pro-Panama treaties.

- NORTH CAROLINA: Stephen Bouser, editor, Morganton News Herald.

 Democratic paper in a swing county which tends to
 lean Republican. Concerns: furniture industry, import
 quotas, unemployment.
- OHIO: James Dible, managing editor, Advertiser Tribune, Tiffin.

 Newspaper serves conservative, agricultural area of Ohio.

 Tiffin area is strongly anti-Panama treaties. Tiffin's arson problems prompted Sen. Glenn to push for tougher arson legislation.
- PENNSYLVANIA: Fred Behringer, vice president and executive editor, Montgomery Newspapers, Fort Washington. Publishes two dailies and nine small weeklies in Republican suburbs of Philadelphia. Concerns: social security, taxes, steel industry, Marston and defense policy.

Walter Storey, Jr., assistant editor, Evening Standard and Morning Herald, Uniontown. Newspaper is conservative in an area with rural and industrial interests. Concerns: steel, coal, auto production, unemployment, farming, social security, manpower programs.

- SOUTH CAROLINA: Phil Batson, managing editor, Anderson Independent and Daily Mail. Endorsed you in '76. Concerns: textile production, agriculture, social security, labor reform and Russell Dam. Pro-Panama treaties.
- VIRGINIA: Roy Potts, managing editor, Winchester Evening Star.
 Conservative paper owned by Sen. Harry Byrd. Vehemently
 opposes Panama treaties. Concerns: migrant labor,
 amendments to National Labor Relations Act, agriculture.

WASHINGTON: Diane Borden, managing editor, Bellingham Herald.
Small liberal daily in northwest Washington. Major
defense industry nearby. Concerns: unemployment,
defense, nuclear power.

Frank Wetzel, editor, Daily Journal-American, Bellevue. Democratic paper with interests in defense, unemployment, nuclear power.

- WEST VIRGINIA: Robert Walters, managing editor, Beckley Raleigh Register. Paper owned by Clay Communications; pro-Panama treaties. Concerns: coal industry, federal highway money.
- WISCONSIN: James Huston, managing editor, Waukesha Freeman.
 Liberal paper based in Milwaukee suburb; paper is
 pro-Panama treaties. Concerns: black unemployment,
 crime, federal aid to cities. Huston's wife won
 Pulitzer Prize last year for local reporting on the
 Milwaukee Journal.

THE WHITE HOUSE
WASHINGTON

Panama - document procedure

Fanama - document procedure

Fanama - Shiloh

Settlement - Shiloh

Greece / Turkey DCA

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REMINDER (FROM FRANK MOORE)

1/27/78

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Ed, fors 1-#7-78

THE WHITE HOUSE WASHINGTON

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THE WHITE HOUSE

WASHINGTON

January 27, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

INCOMING	WEEK ENDING 1/20 W	EEK ENDING 1/27			
Presidential First Lady Amy Other First Family	44,770 2,285 745 100	46,030 1,545 670 100			
TOTAL	47,900	48,345			
BACKLOG					
Presidential First Lady Amy Other	9,190 600 0 0	10,450 170 0			
TOTAL	9,790	10,620			
DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED					
Agency Referrals WH Correspondence Direct File White House Staff Other	41% 31% 16% 3% 9%	22% 42% 23% 4% 9%			
TOTAL	100%	100%			
NOT INCLUDED ABOVE					
Form Letters and Post Cards	2,375	5,155			
Mail Addressed to White House Staff	15,528	15,301			

cc: Senior Staff

NOTES TO MAJOR ISSUES TALLY

Week Ending 1/27/78

(1) SUPPORT FOR STATE OF THE UNION ADDRESS (53% Pro)

Writers praise the President for "demonstrating leadership" and for restoring faith in government. They are especially supportive of the renewed commitment to enact energy legislation and to establish a Department of Education.

Critics (27%) cover a variety of issues, but particular attention is given to:

- o the "government interference" involved in the unemployment and tax proposals;
- o the "insufficiency" of the President's remarks about the farm situation;
- o and the absence of any comment on the Equal Rights Amendment.

(2) SUPPORT FOR DECISION ON NATIONAL FIRE ACADEMY (100% Con)

Firefighters express shock and dismay, claiming that renovation of the Academy would have been a step toward the reduction of losses caused by fire.

MAJOR ISSUES IN CURRENT PRESIDENTIAL ADULT MAIL Week Ending 1/27/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Attorney General's Decision to Replace U.S. Attorney David Marston	0	100%	0	5,387
Support for Presidential Meeting with Farm Leaders	100%	0	0	2,472
President's Position re: Federal Funds for Abortion	9%	91%	0	1,912
Suggestions re: Tax Reform Package	0	0	100%	608
Increased Federal Funding for Farmers	100%	0	0	504
Support for State of the Union Message (1)	53%	27%	20%	478
Support for Secretary Califano's "War on Smoking"	16%	84%	0	426
Support for Panama Canal Treaties	7%	91%	2%	394
Support for Decision to Award Dallas-London Route to Braniff Airlines	19%	80%	1%	385
Support for Tougher Restrictions on Steel Imports	100%	0	0	355
Support for Labor Law Reform Bill	3%	97%	0	322
Suggestions re: Middle East Peace	0	0	100%	298
Support for OMB Decision to Disallow funds for Renovation of National Fire Academy (2)	0	100%	0	289
			$ exttt{TOTAL}$	13,830

(See Notes Attached)